

Minority Media and Telecommunications Council

3636 16th Street N.W., Suite B-366
Washington, D.C. 20010
Phone: 202-332-0500 Fax: 202-332-0503
www.mmtconline.org

September 7, 2011

Marlene Dortch, Esq.
Secretary
Federal Communications Commission
445 12th Street S.W.
Washington, D.C. 20554

RE: Notice of *Ex Parte* Communication, MB Docket No. 09-182 (2010 Quadrennial Review), MB Docket No. 07-294 (Diversity Proceeding), ET Docket No. 10-235 (Innovation in Broadcast Television Bands Proceeding), EB Docket No. 04-296 (Emergency Alert System), MM Docket 98-204 (Equal Employment Opportunity), and IB Docket No. 11-133 (Foreign Ownership)

Dear Ms. Dortch:

This reports on two meetings held September 6, 2011. The first was with Sherrese Smith, Senior Counsel and Legal Advisor to the Chairman. Representing MMTC at this meeting were Julia Johnson, Treasurer and myself. The second meeting included representatives from the Media Bureau: William Lake, Bureau Chief, Kris Monteith, Deputy Bureau Chief, Michael Wagner, Assistant Audio Division Chief, Hillary DeNigro, Industry Analysis Division Chief, Martha Heller, Industry Analysis Deputy Division Chief, and Barbara Kreisman, Video Division Chief. Representing MMTC at the second meeting were Julia Johnson, Treasurer, Jacqueline Clary, Fellow and myself.

Attached is a document, "Seven Proposals on Broadcast Regulation," that was distributed and discussed at these meetings.

During the second meeting I elaborated upon the handout by noting:

- The seven proposals should be considered as a package. Together they comprehensively address each element of diversity – access to capital, spectrum, employment and information.
- The legislative history to justify a tax certificate policy already exists. An updated version of the policy could address previous concerns by being race neutral, encompassing media and telecom, and capping deal size and total program size. The Commission should coordinate with the White House to determine how a tax certificate model could also be used to increase diversity in ownership and content by working it into legislation to incentivize broadcasters to participate in spectrum auctions.

Marlene Dortch, Esq.

September 7, 2011

Page Two.

- The Minority Ownership Incubation Proposal is responsive to Prometheus Radio Project v. FCC (3d Cir., July 7, 2011), in which the Court vacated several FCC decisions and retained jurisdiction.
- Policies that foster move-ins, such as the policy clarifying that eligible entities can take up to 18 months to construct major modifications with expedited treatment, help minority broadcasters, which are disproportionately located on AM, to achieve financial viability and reach their target audience.
- Establishing an Advisory Committee to make recommendations on the use of TV Channels 5/6 would allow all stakeholders to work together to find the best way to advance the public interest by allowing AM stations, LPFM, and NCE stations to migrate to Channels 5/6.
- Relaxation of the foreign ownership policy would provide struggling broadcasters with capital and open the door for potential reciprocal investment in other countries. Reciprocity must be required as part of a trade negotiation.
- Multilingual EAS is a moral issue of high priority due to the critical nature of emergency information during and after a disaster. MMTC is preparing a memo on the FCC's authority to act and will be submitting it to the Commission shortly.
- We are also hopeful that the FCC will issue a Notice of Proposed Rulemaking regarding the Diversity Committee's race neutral proposal on the Overcoming Disadvantages Preference standard.¹

Respectfully submitted,

David Honig

David Honig

President and Executive Director

Attachment: Seven Proposals on Broadcast Regulation (Revised August 1, 2011)

¹ See Advisory Committee on Diversity for Communications in the Digital Age, Recommendation on Preference for Overcoming Disadvantage (October 14, 2010), available at <http://transition.fcc.gov/DiversityFAC/recommendations.html> (follow link to "Recommendation on Preference for Overcoming Disadvantage") (last visited September 7, 2011).



3636 16th Street N.W. Suite B-366
Washington, D.C. 20010
Phone: 202-332-0500 Fax: 202-332-0503
www.mmtconline.org

Seven Proposals on Broadcast Regulation

August 1, 2011 (revised)

These seven proposals are drawn from a list of 72 proposals (MMTC, May 11, 2010) pending before the Commission in rulemakings and other proceedings.

Each of the seven proposals has these attributes:

- High impact on minority ownership, employment, or service by the broadcast media
- Absence of significant opposition
- Ease of adoption
- Ease of implementation.

They are offered as a package that, taken as a whole, would likely be met with industry and civil rights organization consensus.

1. Reinstate and expand the Tax Certificate Policy [proposal 72].

- **REQUESTED ACTION:** Designate a staff team to coordinate with the White House on the design of legislation.

2. Structural rule waivers for companies that take actions to "incubate" (i.e., engage in actions that enhance radio station ownership opportunities) SDBs (the "Minority Ownership Incubation Proposal") [see proposal 20]. The local radio ownership rule would be waived as necessary (including waiver of the overall caps as described below and/or the subcaps) in order to allow the ownership of one station above the applicable limits for each qualifying "incubator" activity ("Qualifying Activity") that a radio broadcaster engaged in. The Qualifying Activity would occur in the same market where the transaction requiring the waiver was to occur or in a market of the same or larger size (i.e., if the waiver-requiring transaction took place in market #25, the Qualifying Activity must take place in one of markets 1-25). Owing to the time-sensitive nature of broadcast transactions and the need for regulatory certainty, the waiver standard

would include a menu of Qualifying Activities containing at least some easily quantifiable items. The menu of activities should include items such as:

- Sale or donation of a commercial radio station to a qualified entity on the condition that the recipient of a donated station certify that it will hold the station license for a period of three years following closing of the transaction effectuating the donation, subject to exceptions for economic distress or subsequent sale or donation to another qualified entity;¹
- Five years of an LMA for an independent programmer on an FM HD-2 or HD-3 channel, with the independent programmer obligated to pay the licensee no more than the licensee's actual out-of-pocket expenses associated with operation of the subchannel;
- Underwriting, including financing of one year of operations and the in-kind provision of technical or engineering assistance or equipment that enables the re-activation and restoration to full service of a dark commercial or noncommercial station licensed to an eligible entity where the licensee or permittee certifies that it is otherwise unable to resume or commence service prior to the date on which the license or permit would be cancelled by operation of law;²
- Arranging for the donation of a commercial or noncommercial station to an Historically Black College or University (HBCU), an Hispanic Serving Institution (HSI), an Asian American Serving Institution (AASI) or a Native American Serving Institution (NASI);
- Providing loans, loan guarantees, lines of credit, equity investments, or other direct financial assistance to a qualified entity to cover more than 50% of the purchase price of a radio station;
- Another action that the company seeking a waiver demonstrates is likely to enhance radio station ownership opportunities for qualified entities.

¹ A "qualified entity" would be defined as a for-profit that satisfies the Small Business Administration's standards for "Small Disadvantaged Businesses (SDBs)", or a non-profit entity that would satisfy the same standards.

² In cases involving in-kind provision of technical or engineering assistance or equipment, the incubating broadcaster would also be required to create a working capital fund for use by the station returning to service. The amount to be contributed to the working capital fund would vary based on market size, along the following lines: markets 1-10 (\$200,000); markets 11-50 (\$100,000); markets 50-150 (\$75,000), and markets below 150 (\$50,000).

Incubation could be used without limit for waivers of the AM or FM subcaps in FCC Defined Markets (ranked by Arbitron), and could be used for waivers of the overall caps up to these limits, with each additional station ownership waiver having been associated with a separate Qualifying Activity: (a) ownership of an additional four stations in each of the 16 markets with 65 or more stations (and thus four Qualifying Activities); (b) ownership of an additional two stations in each of the 12 markets with between 55 and 64 stations (and thus two Qualifying Activities); and (c) ownership of one additional station in each of the other FCC Defined Markets (and thus one Qualifying Activity).

The station group created as a result of the waiver would be permanently grandfathered and could be transferred intact without the requirement of a new waiver, subject to a condition (reflected on the FCC Form 732) that the transferee comply with the requirements of the initial grant of the waiver.

- **REQUESTED ACTION:** NPRM in the 2010 Quadrennial Review docket, MB 09-182, and in the Diversity Docket, MB 07-294.

3. Clarify that broadcasters can take up to 18 months to construct major modifications of authorized facilities, with eligible entities' applications receiving expedited treatment [see proposal 31].

- **REQUESTED ACTION:** Further R&O, or Clarification Order, in the Diversity Docket, MB 07-294.

4. Establish an AM Transition Federal Advisory Committee (or task the FCC's Advisory Committee on Diversity) to make recommendations for the use of TV Channels 5/6 as a new home for most AM and LPFM stations [proposal 47].

- **REQUESTED ACTION:** Public Notice manifesting the Chairman's commitment to establish the FAC. If the Chairman prefers to have the Diversity FAC address the issue, the requested action would be to instruct the Diversity FAC to do so.

5. Extend all civil rights rules (EEO, transactional non-discrimination, advertising non-discrimination, procurement non-discrimination) to all platforms [proposal 61]; create a new Civil Rights Branch of the Enforcement Bureau with enforcement and compliance staff for the EEO, transactional, advertising and procurement nondiscrimination rules across all platforms [proposal 62].

- **REQUESTED ACTIONS:** NPRM on cross-platform issues (e.g., extending the cable procurement rule to broadcast and telecom); Public Notice announcing organizational changes made to Part 0 of the Rules.

6. Relax broadcast foreign ownership restrictions (47 U.S.C. §310(b)(4)) [proposal 23]. The Commission would specify its intention to apply, case by case, a hard limit of 40% if the interest is voting, and 49% if the interest is nonvoting.

- **REQUESTED ACTION:** New comment window in response to the pending Diversity and Competition Supporters (MMTC et al.) Petition for Partial Reconsideration in the Diversity Docket (MB 07-294), filed June 18, 2008.

7. Grant the Katrina Petition and require multilingual emergency broadcasting on a “designated hitter” model during and in the critical days after emergencies such as hurricanes [un-numbered]. A radio station serving as a designated hitter would air programming in another language during regular segments throughout the hour (e.g. “on the eights”) in cooperation, where possible, with other radio stations in the market which broadcast in that language (utilizing, for example, their staffs) when, during or in the wake of the emergency, there is no other source of emergency radio programming in the covered language. Covered languages would consist of those (which are spoken by 5% of the market’s population or 50,000 people in the market, whichever is less (approximating analogous federal voting rights policies). This initiative could be effectuated by requiring states to amend their EAS plans, many of which are in need of modernization in any event, to require broadcasters to coordinate regarding the designated hitter process. Further, the Commission could express its willingness to offset a radio station’s costs of service as a designated hitter in an actual emergency by waiving or reducing subsequent regulatory fees for that station for one year.

- **REQUESTED ACTION:** Further NPRM in EB Docket 04-296 et al. on a fast track.